

Territorial NEWSLETTER North America

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ENGINEERING THE FUTURE

Vanijya Bhavan (1st Floor)
International Trade Facilitation
Centre (ITFC)
1/1 Wood Street,
Kolkata - 700016
www.eepcindia.org



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Chairman's Pen



The year 2016 started with the publication of seventh edition of the 'North America Territorial Newsletter'. Here we present the progress achieved on the India-Canada FTA talks which I hope will be insightful for our readers.

The economic ties between India and North America have augmented over the years. The region continued to be the second largest destination of India's exports highlighting significance of the region in India's export basket. Exports to the region account for over 15.2% of our global engineering exports.

Over the last few months, export of engineering goods, which constitutes 22 per cent of the country's total exports and US being its biggest market, is experiencing a downward trend. However, we are hopeful that the global demand will slowly pick up and help in reversing the current trend.

In this sixth edition of the 'Newsletter on North America', we present a brief note on the current trade matters between India and North America, which I hope our readers will enjoy reading it.

Tarvinder Singh Bhasin

Message from Chairman, Committee on Trade with North America



The seventh edition of the 'Territorial Newsletter on North America' Volume VII', welcomes the trade talks on India-Canada FTA. We also present here a brief insight on the total trade pattern in North America during the first ten months of 2015-16. We discuss the top engineering product bilaterally traded between the countries of the region.

Further, the newsletter has a compilation of tender related information, upcoming exhibitions, key news items and factsheets of Anti Dumping Duty matters.

We are hopeful that the note will give fruitful information guide to our readers.

Anupam Shah

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Basic Facts: North America

Area: 24.71 million Sq. km

Population: 576,163,467 (2015)

GDP: USD 20,834.888 billion (2014)

Currency: US Dollar (\$) / Canadian Dollar

Climate: North America includes all of the mainland and related offshore islands lying North of the Isthmus of Panama which connects it with South America. It has a variety of climate, from the dry, bitter cold of the Arctic to the steamy heat of the tropics. The North American tundra, the vast treeless plain of the far north, has temperature rises above freezing for only a short period each summer. In the far south there are low-lying areas which are always hot and rainy.

Natural resources: North America produces most of the world's corn, meat, cotton, soybeans, tobacco, and wheat, along with a variety of other food and industrial raw material crops. Mineral resources are also abundant; particularly coal, iron ore, bauxite, copper, natural gas, petroleum, mercury, nickel, potash, and silver.

India- Canada FTA updates

➤ Canada-India free trade agreement talks delayed



Canada asks officials to focus on TPP ratification instead; wants India to first ink bilateral investment pact

Jan 16: India and Canada were negotiating on a bilateral Free trade Agreement since 2010 but due to various differences the agreement could not be reached.

The Free Trade agreement will help both India and Canada. Canada will get access to India's huge market of 1.25 billion people who are still growing while India will get access to the large North American Market by using Canada as centre.

Though both the countries are quite interested in FTA but still some national policy concerns are not allowing the countries to reach a final conclusion, even after 9 rounds of talks which have already been held till now, with last one in March 2015. On the same note the Canada pulled back its team from India which was negotiating the FTA with India and asked it to focus on the bigger Free Trade Area mooted by US called the Trans Pacific Partnership of which India is not a part.

Canada's demand list for signing the FTA with India includes the signing of first the Foreign Investment Promotion and Protection Agreement (FIPA). This is mainly in order to protect the interest and the rights of the investors especially the financial sector investors in India.

The Canada government wants India first to sign FIPA and then they would proceed with the FTA with India. The talks for FIPA are going on separately as the FTA includes only opening up borders for trade between two countries in goods and services. The investments and financial aspects are covered in the FIPA agreement.

There are several differences between the two countries which are preventing the two countries to move forward.

Firstly, Canada has problems with the India's proposed clause of Investor-State Dispute Settlement (ISDS) mechanism in the FIPA. Under this mechanism in case of any dispute, investors will have to exhaust the domestic remedies first before approaching any international tribunals. In this regard Canada is worried about the world known truth of judicial delays in India. So Canada wants a flexibility in this clause and want India to allow its investors approach international tribunals at the earliest in case of any disputes. But India is not ready to accept the request of Canada.

Secondly, the second problem is of India is with the clause of Most Favoured Nation -Forward or MFN -Forward, under the proposed FTA. Under this clause if Canada enters into an MFN accord with any other country then the benefits or future concessions will be automatically extended to India and vice-versa.

India has opposed "MFN-forward" clause in the FTA agreement as automatically extending all benefits to Canada or vice-versa will lead to imbalances and conflicts between the two countries.

Thirdly, the problem is with the 'Ratchet' clause in the proposed FTA. Ratchet is a clause that will ensure that the benefits arising from future liberalisation of India's domestic policies are automatically extended to Canada, and vice-versa.

India is also against the clause of 'ratchet' as it will result in a loss of policy space and control.

Fourthly, India has also opposed the inclusion of labour and environment standards and the competition and government procurement in the FTA as proposed by Canada.

India-Canada trade in 2014-15 was just \$6 billion (with India's exports at \$2.2 billion and imports from Canada worth \$3.8 billion), much below potential.

FDI inflows from Canada to India during April 2000-September 2015 were only \$586 million (or 0.22 per cent of the \$265 billion in total FDI India received in those 15 years).

Source: <http://www.thehindu.com/business/canadaindia-free-trade-agreement-talks-delayed/article8102980.ece>

India-North America Information Guide

The bilateral relations between India and North America have developed over the years in a significant way. As regards India's exports, the region has consistently been the second largest destination for Indian goods exporting US\$ 6.9 billion, behind only European Union (EU) during April-December 2015-16. Exports to the region account for nearly 15.2% of our global exports. Exports to North America represent a diversified phenomenon as it includes different trade patterns with the three countries (USA, Mexico and Canada) of the region.

Trade Trend Analysis in North America

India shares a positive trade balance with North America during April-November of the fiscal of 2015-16. The following table depicts India's Merchandised trade pattern with North America compared to the trade pattern with World.

Table1: India-North America Overall Trade Figures

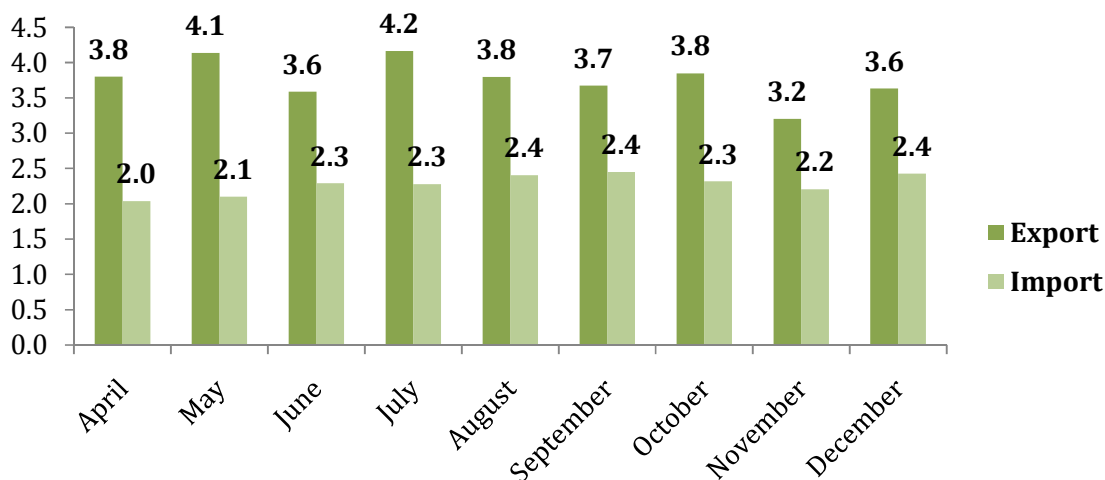
US\$ million

Description	April-November 2015-16
India's Export to North America	30,023.69
India's Total Export to World	172,430.65
India's export share to North America w.r.t. World	17.41%
India's Import from North America	18,072.66
India's Total Import from World	260,937.70
India's Import Share from North America w.r.t World	6.93%
Total Trade with North America	48096.35

Source: DGCI&S

Chart 1: Trend in Total Trade in North America during 2015-16(month wise)

Month Wise Export and Import Pattern in North America during 2015-16 vis-a-vis 2014-15 (USD billion)



Source: DGCIS

The top nations which had the highest demand for Indian engineering products during January 2016 in absolute values include:

**Table 2: Engineering Exports to North America (country wise)
(Value in USD million)**

North America	January 2015 (USD million)	January 2016 (USD million)	Growth (%)	April - January 2014-2015	April- January 2015 -2016	Growth %
USA	677.70	591.53	-12.71	6446.35	5814.48	-9.80
Mexico	153.06	146.16	-4.51	1590.15	1461.26	-8.11
Canada	44.31	40.35	-8.94	470.28	394.59	-16.09
Total	875.07	778.04	-11.09	8506.78	7670.33	-9.83

Source: DGCIS

Table 3: Top 15 engineering panels exported to North America in January 2016 include:

DGCIS Engineering Panels	India's export in January 2015(USD million)	India's export in January 2016(USD million)	Growth (%)
Products of Iron and Steel	168.4	157.3	-6.6
Motor Vehicle/cars	70.7	91.5	29.4
Auto Components/Parts	96.4	91.2	-5.4
OTHER MISC. ITEMS	44.9	58.9	31.2
Industrial Machinery	66.1	58.3	-11.8
Aircrafts and Spacecrafts	40.7	49.8	22.4

DGCI&S Engineering Panels	India's export in January 2015(USD million)	India's export in January 2016(USD million)	Growth (%)
Electric Machinery and Equipment	45.6	48.6	6.6
Aluminium and products	60.2	40.0	-33.5
IC Engines and Parts	33.5	33.4	-0.5
Machinery for ATMs	38.2	24.9	-34.7
Iron and Steel	92.7	22.0	-76.3
Medical and Scientific Instruments	17.8	15.6	-12.0
Hand Tools and Cutting Tools	12.1	11.8	-2.7
Copper and products	13.6	11.7	-14.0
Pumps of all types	20.2	11.4	-43.5

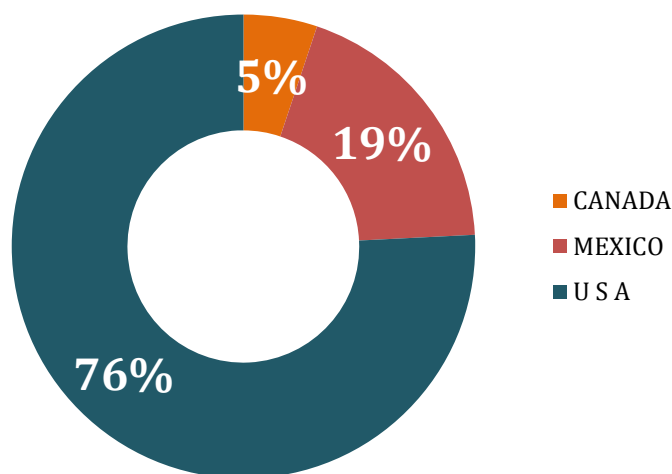
Source: DGCI&S

Engineering exports to North America, ranks second among the region wise top engineering exports from India during April-January 2015-16.

Countries like USA maintained its top rank for Indian engineering exports though it registered a dip in exports both monthly and cumulatively by 13 % in January 2016 and 9.8% during April-January 2015-16 respectively. The main engineering products exported to the country include Products of Iron and Steel, Auto Components/Parts, Industrial Machinery, Other Misc Items, Electrical Machinery and Equipment, etc during April-January 2015-16.

The following pie chart demonstrates highest engineering export share to USA followed by Mexico and Canada during April-January 2015-16.

Fig1: India's engineering export share to North American Countries (%) in April-January 2015-16



Source: DGCI&S

- **Trade with USA:** Indian engineering exports to USA, continues to be the highest during the month of December. At present, it accounts for 11.8 per cent of India's eng exports.
Top products traded in USA: Top traded products to USA during April-January 2015-16 include Products of Iron and Steel, Auto Components/Parts, Industrial Machinery, Other Misc Items, Electrical Machinery and Equipment, etc
- **Trade with Mexico:** Mexico is India's 8th exporting destination for engineering products. At present, it accounts for 3.0 per cent of India's eng exports during April-January 2015-16.
- **Top products traded in Mexico:** Top traded products to Mexico during April-December 2015-16 include Motor Vehicles/cars, Aluminium products, Auto Components and Parts, Products of Iron and Steel, Industrial Machinery, Two and Three Wheelers, etc.
- **Trade with Canada:** India's engineering trade with Canada is also mention worthy. It maintains a similar economy like India and is often called as India-like country. At present, it accounts for 0.8 per cent of India's eng exports during April-November 2015-16.
Top products traded in Canada: Major exported products to Canada during April-December 2015-16 include Products of Iron and Steel, Nuclear Reactors, Auto Components/Parts, Other Miscellaneous items, Industrial Machinery, Electrical Machinery, etc.

News in Focus

- **USTDA and the State of Andhra Pradesh Conclude Agreement to Support Smart City Development**



Recently, Director Leocadia I. Zak of the U.S. Trade and Development Agency (USTDA), concluded a grant agreement in the presence of Chief Minister N. Chandrababu Naidu of the State Government of Andhra Pradesh to continue USTDA's support of India's ambitious goal of developing smart cities across the country. The agreement will advance the City of Visakhapatnam's (Vizag) efforts to make it more efficient and sustainable through the development of interconnected infrastructure, communications and data systems.

This cooperation is particularly timely as Vizag was recently announced as a winner in the first phase of the Government of India's Smart Cities Challenge. As an awardee of the Smart Cities Challenge, financing of Vizag's development and modernization efforts will be partially supported by the central government of the Republic of India.

During the signing ceremony, Director Zak stated, "We are proud of our cooperation with the State Government of Andhra Pradesh and the important role our partnership will play in advancing one of India's highest economic development priorities. By bringing together the right private sector expertise and a committed partner, the opportunities for growth are limitless."

Following the grant signing, AECOM signed a contract with the State Government of Andhra Pradesh to undertake this important work so Vizag can commence with its plans to invest in smart, efficient infrastructure. Working together, leaders in the smart grid arena AECOM, IBM and KPMG will provide Vizag with a planning framework and development strategy for several high-priority investment projects for smarter urban development.

This cooperation is one component of a multi-faceted effort by USTDA to support the development of Smart Cities in Andhra Pradesh, Uttar Pradesh and Rajasthan. During President Obama's and Prime Minister Modi's historic Republic Day visit last year, the two leaders agreed to work together in developing smart cities across India.

Source: <https://www.ustda.gov/news/press-releases/2016/ustda-and-state-andhra-pradesh-conclude-agreement-support-smart-city>

➤ **Tata Power's Smart Grid Lab Inaugurated**

Delhi, India - Yesterday, Director Leocadia I. Zak of the U.S. Trade and Development Agency celebrated the inauguration of the Tata Power Delhi Distribution Limited Smart Grid Test Laboratory.

USTDA has partnered with Tata Power for over a decade and is proud to see the exciting success that can come from government-industry partnerships. Over the course of this partnership, Tata Power has made tremendous progress on improving distribution, reducing losses, and increasing access to reliable power in the greater-Delhi area.

The new cutting edge Smart Grid Lab will serve as a demonstration site for various smart grid technologies and will help foster collaborative partnerships between Tata Power, consumers, students, technology providers and other utilities in India. The lab stands at the forefront of innovation and will enable other utilities across the country to view technologies and best practices, ultimately improving their own services.



Director Leocadia I. Zak (center) with PraveerSingha, CEO of Tata Power-DDL (left) and Reji Kumar, President, India Smart Grid Forum (right).

On her tour of the facility, Director Zak saw a number of innovative U.S. technologies at work, including that of Honeywell Inc. of Golden Valley, MN and Innovari of Austin, TX, General Electric and Landis &Gyr of Alpharetta, GA.

Director Zak said: "Tata Power's progress creates a precedent for other utilities around the country to follow. I am confident that others will look to Tata Power's solutions and leadership as a model for their own growth. This means that their reach will expand far beyond the Delhi area, to all regions of the country."

Source: <https://www.ustda.gov/news/press-releases/2016/ustda-celebrates-inauguration-tata-power%E2%80%99s-smart-grid-lab>

➤ **India, US sign agreement to improve systems at DGCA**

India's aviation regulator the Directorate General of Civil Aviation (DGCA) and United States Technical Development Agency (USTDA) have signed the Grant Agreement for India Aviation Safety Technical Assistance Phase II in New Delhi today.

"Phase II of the current project is aimed at sustaining efforts undertaken during 2014 for restoration of IASA Category 1 status and bringing in more systemic improvements in the area of operation, airworthiness and licensing. It will include components on General Aviation and Business Aviation," the government said in a release.

The release added that the USTDA will be partially funding the assistance and The Wicks Group (TWG) will also share the cost of assistance.

While the phase II will look at improving systems at the DGCA, the Phase I of this collaboration had helped India get back its category I status from the US-based Federal Aviation Authority (FAA).

The FAA had carried out an International Aviation Safety Assessment (IASA) audit in September 2013 and a review in December 2013, and India was downgraded to Category 2 in January 2014.

In March 2014, United States Technical Development Agency (USTDA) in coordination with FAA approached DGCA and offered assistance under a USTDA.

Under the Grant Agreement, US based Contractor The Wicks Group (TWG) assisted DGCA in addressing the findings and prepared for a reassessment by FAA in December 2014. Based on this reassessment and a follow-up visit in March 2015, India's Category 1 status was restored in April 2015.

Source: http://articles.economictimes.indiatimes.com/2016-02-09/news/70479788_1_international-aviation-safety-assessment-dgca-iasa-category

➤ **PM, Narendra Modi launches Make in India Week; vows no retrospective tax**

Mumbai: Launching the largest-ever manufacturing summit Make In India Week in Mumbai, Prime Minister Narendra Modi on Saturday said the government is swiftly working towards a transparent and predictable tax regime to make the country a global manufacturing hub.

Addressing the largest business exhibition attended by heads of state, foreign delegates and industrial captains, Modi said the country will not resort to retrospective taxation.

"I have been saying that this century is Asia's century. My advice to you is to Make India your center; if you want this century to be your century," Modi said citing openness of the economy and willing of the government to make necessary course corrections in the policy.

"This is the best time ever to be in India; And it is even better to Make in India," Modi said. The prime minister emphasized that it is not the time for incremental changes but the country needs quantum jump.

Modi said the government is trying to remove the bottlenecks that were affecting investments and growth. "We have carried out a number of corrections on the taxation front. We have said that we will not resort to retrospective taxation. And I repeat this commitment once again. We are also swiftly working towards making our tax regime transparent, stable and predictable," Modi said.

Make in India is the current government's flagship initiative, launched by the prime minister in September 2014, to encourage international companies to manufacture their goods in India. Make in India Week will be the flagship event to provide greater momentum to the Make in India initiative, and to showcase to the world the achievements of the nation in the manufacturing sector.

Make In India week is being celebrated at a time when India's factory output contracted for the second month in a row in December. The Index of Industrial Production (IIP) shrank 1.3% in December led by manufacturing after a 3.4% contraction in November.

Source: <http://indiainbusiness.nic.in/newdesign/index.php?param=newsdetail/13888/1>

➤ **'Boeing will invest billions of dollars in India'**



Dennis Muilenburg, President and chief executive officer of The Boeing Company during the interview with Hindustan Times in New Delhi.

The US aircraft manufacturer is also looking to invest in capabilities, infrastructure, and partnerships to enable aerospace to be an economic growth engine, Dennis A Muilenburg, president and CEO, Boeing, tells HT in an interview.

Boeing is engaged in a long-term commitment to build aerospace capacity here in India. The Make in India strategy is important to us and it is something that we have internalised. We are building capabilities of supply chain depth here for the long run. Our intent is to invest in a way that builds talent base, supply chain and capability, which will enable aerospace to be an economic growth engine here.

Subject to all government-to-government agreements, that is an area of future investment we are interested in. On the specific question of Super Hornet as a potential Make in India example, with the context of our ability to invest in the Super Hornet here and build and industrial capability, we see it as a catalyst to the bigger strategy. We have offered ideas in this area. Conversations are ongoing. We think there is a great opportunity for us to bring Super Hornet to India that will fulfill an operational need, but even more importantly think about it as a capability investment and architect it as a broad industrial investment, build up a supply chain that has industrial capability, not only to design but also to manufacture for the full lifecycle of the products. We see Super Hornet as an opportunity to do that to tie directly with the Make in India strategy.

Source: <http://www.hindustantimes.com/business/boeing-will-invest-billions-of-dollars-in-india/story-XRTdX7dv8qBUKzUwE9BZiM.html>

CVD/AD matters: Recent petitions filed with USITC

Table 4: CVD/AD Petitions

Docket No.	Received	Type	Commodity
3124	2/24/16	332 Request	Unwrought and Wrought aluminum products
3121	2/12/16	701 & 731 Petition	Stainless Steel Sheet and Strip
3112	1/8/16	337 Complaint	Surgical Stapler Devices
3108	12/16/15	701 & 731 Petition	Large Residential Washers
3105	12/8/15	337 Complaint	Rack Mountable Power Distribution Units
3103	11/24/15	Other	Modifications in Rules of Origin
3102	11/19/15	337 Complaint	Chassis Parts Incorporating Moveable Sockets
3101	11/17/15	337 Complaint	Arrowheads With Deploying Blades
3100	11/12/15	337 Complaint	Computer Cables, Chargers, Adapters, Peripheral Devices and Packaging

Source: http://www.usitc.gov/petitions_and_complaints

Country wise Anti-dumping matters since last five years (2010-2015) against India:

Table 5: Country wise Anti Dumping (AD) Cases against India

Country initiating AD investigation	Case ID	Case_Code	Product	Initiating Date	Dumping Date	Injury decision date
Canada	CAN-AD-373	CAN-AD-372	Certain Carbon Steel Welded Pipe	05/14/2012	08/13/2012	07/13/2012
Canada	CAN-AD-401	CAN-AD-400	Certain Oil Country Tubular Goods	07/21/2014	12/03/2014	09/19/2014
Mexico	MEX-AD-305	MEX-AD-305	Carbon Steel Tubing with Longitudinal Seams	12/24/2014	MI	MI
USA	USA-AD-1191	USA-AD-1191	Circular Welded Carbon-Quality Steel Pipe	11/03/2011	06/01/2012	12/16/2011
USA	USA-AD-1213	USA-AD-1213	Certain Steel Threaded Rod	07/03/2013	02/18/2014	11/05/2013
USA	USA-AD-1215	USA-AD-1215	Certain Oil Country Tubular Goods	07/10/2013	02/25/2014	08/22/2013
USA	USA-AD-1251	USA-AD-1251	Certain Steel Nails	06/04/2014	.	07/18/2014

India's Safe Guard Initiating matters since last five years (2010-2015):

Table 6: Safe Guard Matters of India

Safe Guard Initiating Country	PRODUCT	PET_DATE	WTO_INIT_DATE
India	Seamless Pipes, Tubes and Hollow Profiles of Iron or Non-Alloy Steel	MI	04/22/2013
India	Bare Elastomeric Filament Yarn	MI	02/28/2014
India	Not-Alloyed Ingots of Unwrought Aluminium	MI	04/07/2014
Mexico	Steel Tubes	04/06/2010	07/03/2010

Source: <http://econ.worldbank.org/>

Factsheets on Antidumping Duty and Countervailing Duty Investigations of Imports

- ✓ On December 22, 2015, the Department of Commerce (Commerce) announced its affirmative preliminary determinations in the antidumping duty (AD) investigations of imports of corrosion-resistant steel products from China, India, Italy, and Korea, and its negative preliminary determination in the AD investigation of imports of corrosion-resistant steel products from Taiwan.

Source: <http://enforcement.trade.gov/download/factsheets/factsheet-multiple-corrosion-resistant-steel-products-122215.pdf>

- ✓ On December 16, 2015, the Department of Commerce (Commerce) announced its affirmative preliminary determinations in the countervailing duty (CVD) investigations of imports of certain cold-rolled steel flat products from Brazil, China, India, and Russia and its negative preliminary determination in the CVD investigation of imports of certain cold-rolled steel flat products from Korea.

Source: <http://enforcement.trade.gov/download/factsheets/factsheet-multiple-cold-rolled-steel-flat-products-cvd-prelim-121615.pdf>

- ✓ On November 18, 2015, the Department of Commerce (Commerce) announced the initiation of antidumping duty (AD) and countervailing duty (CVD) investigations of imports of certain iron mechanical transfer drive components from China and an AD investigation of imports of certain iron mechanical transfer drive components from Canada

Source: <http://enforcement.trade.gov/download/factsheets/factsheet-multiple-iron-mechanical-transfer-drive-components-ad-cvd-initiation-111815.pdf>

Upcoming Exhibitions in North America

Table 7: List of Exhibitions

Events	Date	Venue	Link
Engine Expo North America 2016	25-27 th October 2016	Michigan	http://www.engine-expo.com/usa/
PM Expo	Nov 30- Dec 2, 2016	Metro Toronto Convention Centre	http://www.pmexpo.com/
Mechanical and Aerospace Engineering	03-04 th October 2016	Orlando, USA	http://mechanical-aerospace.conferenceseries.com/
International Manufacturing Technology Show	12-17 th September 2016	Chicago, IL	http://www.imts.com/
Supply Chain and Transportation, USA	04-07 th April, 2016	Atlanta, GA, United States	http://www.reedexpo.com/en/Events/4091/Supply-Chain-and-Transportation-USA

Tender information in North America

Table 7: Tender related information

Title	Deadline	Country	Link
Waste water Treatment Plant	24 th March 2016	USA	http://www.tendersinfo.com/details/32304558
Pumps of various brands	9 th March 2016	USA	http://www.tendersinfo.com/details/32304230
Scrap Metals	2 nd March 2016	USA	http://www.tendersinfo.com/details/32304224
Commercial grade propane powered zero turn mowers	9 th March 2016	USA	http://www.tendersinfo.com/details/32304215
Sanitary washroom supplies	22 nd March 2016	USA	http://www.tendersinfo.com/details/32299170
Permit, Design, Build, Operate and Maintain and Market the Capacity of and products from A Regional Municipal Wastewater Biosolids Facility	1 st June 2016	USA	http://www.tendersinfo.com/details/32299636
Window replacement design service	15 th March	USA	http://www.tendersinfo.com/details/32299965

Furnish and deliver tractor truck 30th March 2016 USA

<http://www.tendersinfo.com/details/32305075>

For more contract notices, Please register with Tender info and follow the link:
<http://www.tendersinfo.com/searchresult#>

EEPC India North America Territorial Newsletter

Contact: Shrilata Mitra

Email: smitra@eepcindia.net

Phone no: 033-40120360
